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SUBJECT: SCENESETTER FOR CODEL ISAKSON AND CORKER

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Summary

1. (SBU) Your visit to Tanzania comes at a time when the country is gearing up for national elections in 2010, attempting to mitigate the effects of the global economic downturn, and continuing to deepen its relationship with development partners, particularly the United States. The 2010 elections in Zanzibar, where support is evenly divided between the ruling party and main opposition party, will likely be contentious. Elections on the mainland promise to be less so, as a substantial majority support the ruling party and President Kikwete is expected to stand again. Despite relative political stability, Tanzania remains among the poorest countries and recent years of steady economic growth will be challenged as the country feels the effects of the global economic crisis. For example, the tourism industry, one of Tanzania's main foreign exchange earners, expects a significant decrease in demand.

2. (SBU) In an attempt to mitigate the effects of the crisis, Tanzania will continue to seek support from development partners, particularly in areas such as infrastructure development, health, and agriculture. USG programs under USAID, MCC, PEPFAR, CDC, PMI, and DOD civil affairs, will play a significant role in fostering Tanzania's economic development and strengthening U.S.-Tanzania bilateral relations. In addition to development support, the USG is working with Tanzania on a number of other priorities such as strengthening counterterrorism capacity, countering corruption, and building institutions. Your visit will help demonstrate continued U.S. engagement with Tanzania.

Political and Economic Background

3. (SBU) Tanzania's long record of peace and stability make it an example for the region. Multi-party democracy was restored in the early 1990s, and with President Kikwete's landslide election in 2005, Tanzania has seen three peaceful presidential transitions. Macroeconomic reforms since the 1980s, marking a transition from socialism towards a free-market system, have provided a basis for sustained moderately high economic growth. President Kikwete, a Muslim, governs a population approximately 65 percent Christian; relations between religious communities have generally been harmonious. The site of a 1998 terrorist attack on the U.S. Embassy, Tanzania has porous borders with its eight neighbors and an 800 mile coastline.

4. (SBU) Tanzania remains among the worlds' poorest countries, with per capita GDP of approximately USD 415 and 80 percent of the

population engaged in mostly small-scale agriculture. Despite overall economic growth, recently released data shows over one million more people living in poverty as compared to 2001. Infrastructure remains rudimentary; red tape and corruption impede private sector development. The recent worldwide economic shocks have contributed to increased inflation, over ten percent for the first time in several years, as well as concerns about sustaining economic growth. The tourism industry, one of Tanzania's main foreign exchange earners, expects a significant decrease in demand; Americans account for half of all high-end tourists. There are positive signs that HIV/AIDS prevalence is not increasing and may be on a downward trend, as the HIV prevalence rate for 15-49 year-olds has decreased from seven percent (2003) to 5.7 percent (2007).

¶5. (SBU) Politically, Tanzania is still dominated by the ruling Chama Cha Mapinduzi (CCM) party. While elections on the mainland have generally been free and fair, serious irregularities and sporadic violence have marred elections in the autonomous islands of Zanzibar. President Kikwete is expected to stand for election again in 2010, while Zanzibar's President is term-limited and will step down. Parliament, long dormant, is increasingly exercising its oversight function on an executive branch accustomed to governing unchecked.

¶6. (SBU) While a substantial majority of mainland Tanzanians support the ruling CCM over opposition parties, on Zanzibar support for CCM and the main opposition, the Civic United Front (CUF) is evenly divided. Bitter conflict between the two parties, and between Zanzibar's two islands of Unguja and Pemba, persist, with CUF refusing to recognize the outcome of the flawed 2005 elections. President Kikwete announced reconciliation on Zanzibar as a priority for his government in 2005, but talks between the parties started slowly and stalled in 2008. CUF leaders' insistence on a power-sharing government prior to the 2010 elections was rebuffed by the islands' CCM rulers. While President Kikwete personally monitored progress of the talks, he has not wielded his position as

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CCM party chairman or his offices as Head of State to successfully broker an agreement that would be fair and equitable to both sides. CUF leaders have warned that the party membership is increasingly disillusioned with the democratic process.

U.S.-Tanzanian Bilateral Relationship

¶7. (SBU) Since the election of President Kikwete in December 2005, U.S.-Tanzanian bilateral relations have significantly deepened. President Kikwete's pro-Western stance, coupled with an increasing level of U.S. assistance, has been the catalyst for this change, enhancing cooperation in sectors from health and education, to counterterrorism and military affairs. President Kikwete has visited the U.S. several times since taking office, including an official visit with President Bush in Washington, D.C., in August 2008. The public signing of the MCC compact during President Bush's February 2008 visit to Tanzania, and the favorable public reaction to the visit, further cemented the relationship. A 2008 Pew Global Attitudes Poll showed a 19 percent increase, to 65 percent, of Tanzanians who have a favorable attitude towards the U.S.

¶8. (SBU) Under the leadership of President Kikwete, a former Foreign Minister, Tanzania has played an increasingly prominent role in regional issues. Kikwete finished a one-year term as Chairman of the African Union (AU) in January 2009. In that role, he overcame South African reticence to proceed with an AU mission to Comoros that restored national rule on the island of Anjouan. He has also spoken out against military coups in Mauritania and Guinea and the unconstitutional change in power in Madagascar. Within the Southern Africa Development Community (SADC), Tanzania has played a relatively quiet but positive role with respect to Zimbabwe. Tanzania is also a member of the East African Community, whose hesitant steps towards economic integration have been limited by Tanzanian concerns about competition from Kenya. Tanzania has long played a constructive role in the Burundi peace process. Tanzania has expressed interest in participating in efforts to control Somali piracy.

¶9. (SBU) Tanzania has long hosted refugees from the region's conflict areas. The number has declined from more than a million in the late 1990s to about 100,000 currently (the U.S. has provided significant support for UN operations in the refugee camps and is one of the main resettlement destinations), mainly from Burundi and the Democratic Republic of Congo. Over ninety thousand Burundian refugees returned home in 2008. Tanzania is also host to the International Criminal Tribunal for Rwanda.

Health Challenges: HIV/AIDS and Malaria

¶10. (SBU) Tanzania faces a mature generalized HIV epidemic, with a prevalence rate of approximately 5.7 percent and 1.4 million people living with HIV/AIDS. An estimated 440,000 individuals are clinically eligible for antiretroviral treatment; however, available services can support less than half of those in need. In FY 2008, PEPFAR provided Tanzania with over USD 313 million to support treatment, care, and prevention programs. In FY 2009, the PEPFAR planning budget is \$308 million. The PEPFAR program is on track to exceed its original PEPFAR targets: 150,000 individuals on anti-retroviral drugs; care for 750,000 individuals, including orphans and vulnerable children; and prevention of 490,000 new HIV infections. Although the U.S. has fostered positive relationships with the Tanzanian government in the health sector, significant challenges remain including: the need for stronger leadership in line ministries; poor health infrastructure; a shortage of health care workers; a weak government procurement system; and allegations of corruption in the public and private sectors. We recently entered into very productive negotiations with the GOT on a PEPFAR Partnership Framework Agreement, which would deepen our relationship over the coming five years.

¶11. (SBU) Malaria is the number one killer of children in Tanzania and continues to be a major cause of maternal mortality. As a focus country under the President's Malaria Initiative (PMI), Tanzania received USD 34 million in FY 2008 to support the delivery of long-lasting, insecticide treated bed-nets, the care and treatment of malaria, the malaria in pregnancy program, and indoor residual insecticide spraying. Malaria has been eliminated as a public health problem on Zanzibar: the recent 2007-2008 Malaria Indicator Survey (MIS) suggests that malaria prevalence is less than 1% on the islands.

Millennium Challenge Corporation (MCC)

¶12. (SBU) In February 2008, Presidents Kikwete and Bush signed the

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largest MCC Compact to date, USD 698 million. The Compact is targeted to address significant weaknesses in Tanzania's long neglected transport (roads and an airport), energy, and water infrastructure. The Compact entered into full force and effect in September 2008. A significant amount of required preparatory work (environmental studies, finalization of technical designs, and planning for resettlement and compensation) has now been completed or is underway. The next several months will see procurements launched for the bulk of the construction and supervision work. On the strategic political front, our message continues to be that a Compact is an agreement of reciprocal responsibilities; to sustain it over five years, Tanzania must pay heed to its corruption index and be vigilant at all levels to ensure transparency and accountability in governance.

¶13. (SBU) Tanzania also received MCC Threshold funds - USD 11.2 million - from FY 2005 to 2007. The Threshold program, which closed in September 2008, focused on, among other things, enhancing civil society's capacity to demand anti-corruption reform and fighting corruption in public procurement. The program trained more than 250 journalists in investigative reporting skills; some of these journalists were involved in breaking grand corruption stories. The program also enhanced local-level accountability by helping establish a network of 77 public expenditure tracking committees. Finally, and most importantly, the Threshold program helped the country's procurement regulator carry out several audits of the procurement practices of key GOT entities; in February 2008, one of these audits sparked and informed a Parliamentary investigation

which resulted in the resignation of the Prime Minister.

Military-to-Military Relations

¶14. (SBU) After a long period in which Tanzania's avowed non-alignment meant minimal interaction with the U.S. military, in the past several years U.S.-Tanzanian military-to-military relations have improved significantly. In 2006, the Tanzanian People's Defense Force (TPDF) gave permission to CJTF-HOA to establish a Civil Affairs presence in the Tanga region of Tanzania. U.S. naval ship visits to Dar es Salaam in September 2007 and February 2009 were the first since Tanzanian independence. Just last month the Tanzanian Chief of Defense Forces, Gen. Mwamunyange, made the first ever official visit by a sitting Tanzanian Chief of Defense Forces to the U.S. During his visit, General Mwamunyange stressed the value of high level engagement (visits and training) as the best way to continue building trust in the bilateral military relationship. In 1999 the GOT permitted DOD (through the Walter Reed Army Institute for Research - WRAIR) to conduct research and build laboratory capacity with a focus on HIV vaccine development. Since 2005, DOD's PEPFAR program - the largest in Africa - has renovated and refurbished military hospitals and laboratories for provision of comprehensive HIV/AIDS prevention, treatment and care services. This partnership, which is now expanding into malaria and influenza control activities, is the reason President Kikwete may visit Walter Reed hospital during his upcoming visit to the U.S. As a result of our increased military-to-military cooperation, President Kikwete has expressed interest in signing a Status of Forces Agreement between the U.S. and Tanzania.

¶15. (SBU) The USG is also supporting Tanzania as the TPDF increasingly participates in international peacekeeping operations. Tanzania deployed 75 military police to Lebanon in 2007 in support of the UNIFIL mission. The USG provided training to this company under the African Contingency Training and Assistance (ACOTA) program, and this fall will train 75 TPDF military police in preparation for a third successive UNIFIL mission. Through ACOTA, the USG is also supporting Tanzania as it prepares to deploy an initial battalion to Darfur as part of the UN peacekeeping mission. Training for an additional two battalions, which will also constitute part of an AU regional standby brigade, will follow later in 2009.

U.S. Strategic Priorities

¶16. (SBU) The USG's strategic priorities in Tanzania are:

- (i) building the GOT's counterterrorism (CT) capacity and promoting security;
- (ii) strengthening Tanzania's democratic institutions and accountability, through parliamentary capacity building and anti-corruption efforts;
- (iii) improving education by ensuring equal access and improved opportunities to remote and underserved communities, especially focused on girls in Muslim and pastoralist areas;
- (iv) improving health by preventing the spread and mitigating the impact of HIV/AIDS, combating malaria, enhancing reproductive,

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maternal and child health services, ensuring access to clean water and sanitation, and strengthening health systems;

- (v) spurring sustainable economic growth through significant investments in transport, energy and water infrastructure, policy reform, agriculture, natural resources and biodiversity; and
- (vi) influencing public opinion, especially among Tanzania's Muslims, who tend to view U.S. policy as anti-Islam.

¶17. (SBU) The USG supports these strategic priorities with active diplomatic engagement and a generous foreign assistance program. Although Tanzania enjoys the support of numerous donor countries, the U.S. is one of the top donors in Tanzania in dollar amounts. In FY08, total USG bilateral assistance ran to nearly USD 400 million, including initiatives such as PEPFAR and PMI. Taking into account the U.S. share of contributions from multilateral donors such as the World Bank and African Development Bank, U.S. assistance totaled USD 662 million in 2008. This does not include major private U.S. benefactors such as the Gates Foundation. Other major donors

include the U.K., Sweden, Netherlands, Denmark, Norway, and the European Commission.

¶18. (SBU) To ensure that corruption does not undermine development efforts, we are sharply focused on supporting President Kikwete's anti-corruption campaign. The Kikwete administration has taken steps to combat corruption, including appointing a new Director of the Prevention and Combating of Corruption Bureau (PCCB) and passing two pieces of legislation: the Anti-Money Laundering Bill and the Anti-Corruption Bill. Recently, the drive against corruption has picked up again. The first major court cases on grand corruption began in November 2008, with the arrests of individuals whose companies were alleged to have fraudulently received funds from the Bank of Tanzania (BOT), along with several BOT employees. Shortly thereafter, two long-serving former ministers were jailed on corruption-related charges.

¶19. (SBU) In the wake of the 1998 Embassy bombing, we are actively engaged in furthering counterterrorism (CT) cooperation with the Tanzanian government. The Mission has an integrated strategy involving modernization of Tanzania's law enforcement as well as winning the hearts and minds of the Tanzanian people. Our work in Pemba--a majority Muslim island--exemplifies this strategy. We have knit together cultural preservation projects to repair historic mosques, self-help projects to improve rural livelihoods, and significant USAID malaria control and education programs. MCC will rehabilitate and improve up to 36 kilometers of rural roads in Pemba under the Compact. In addition, CDC is providing HIV prevention and treatment services at the central hospital in Pemba. DOD/WRAIR is currently renovating a military clinic and providing HIV/AIDS services to TPDF officers on the island. USAID and AFRICOM are partnering to build and furnish a primary school. The Mission recently inaugurated an American Corner in Pemba to advance Islamic outreach efforts. Another key component of the Mission's strategy is helping the government establish its own national, interagency CT Center to collect, share and analyze CT data.